

5. MAIL SURVEY FINDINGS

5.1 Describe the Characteristics of Federal Benefit Check Recipients

Table 18 summarizes the types of Federal benefit check recipients who responded to the mail survey. In keeping with the large population of Social Security retirement check recipients, more than half of the mail survey respondents receive a Social Security retirement check (57 percent). SSI check recipients are the next-largest segment of mail survey respondents (28 percent), followed by veteran's disability check recipients (10 percent), Federal Civil Service retirement check recipients (9 percent), Railroad Retirement check recipients (9 percent), veteran's pension check recipients (6 percent), Civil Service disability check recipients (2 percent), and Railroad disability check recipients (1 percent). These percentages add up to more than 100 because some respondents receive more than one type of Federal benefit check.

**Table 18. Type of Federal Check
(N = Sample Size)**

	Total Mail Survey (N=754)	Retirement Check Recipients (N=526)	Disability Check Recipients (N=101)	SSI Check Recipients (N=207)
<u>Agency</u>				
• Social Security Retirement	57%	81%	43%	30%
• Veterans Pension	6%	9%	8%	3%
• Railroad Retirement	9%	13%	2%	2%
• Federal Civil Service Retirement	9%	13%	9%	1%
• Railroad Disability	1%	1%	7%	0%
• Civil Service Disability	2%	1%	18%	1%
• Veterans Disability	10%	8%	77%	3%
• Supplemental Security Income	28%	13%	8%	100%

In comparison to the telephone survey respondents, whose numbers were dictated by predetermined targets for the number of interviews to be completed by agency, the mail survey includes more Social Security retirement check recipients (57 percent versus 51 percent), more SSI check recipients (28 percent versus 15 percent), and fewer veteran's pension check recipients (6 percent versus 9 percent). These differences in type of check recipient by methodology are the result of a disproportionately large mailing to SSI check recipients (21 percent versus 15 percent) and a disproportionately small mailing to VA check recipients (12 percent versus 15 percent) based on the number of names for which telephone numbers were not available.

Table 19 presents the demographic characteristics of mail survey respondents and compares them with the demographic profile of telephone survey respondents. Mail survey respondents vary from telephone survey respondents in several ways. Nearly all of the differences can be attributed to differences between SSI check recipients and other check recipients and are the result of the higher proportion of SSI check recipients in the mail survey than in the telephone survey. The mail survey respondents are more often female (54 percent versus 49 percent), younger (mean of

64 years versus 67 years), lower income (mean of \$19,700 versus \$26,700), less often white non-Hispanic (70 percent versus 84 percent), more often black non-Hispanic (17 percent versus 8 percent) and Hispanic (7 percent versus 3 percent), and less educated (38 percent have not completed high school versus 24 percent). In addition, more mail survey respondents are from rural areas (23 percent) than telephone survey respondents (14 percent).

Table 19. Demographic Characteristics of Federal Benefit Check Recipients (Mail Survey)

	Total Phone Survey (N=1002)	Total Mail Survey (N=754)	Retirement Check Recipients (N=793)	Disability Check Recipients (N=138)	SSI Check Recipients (N=146)
Gender					
• Male	51%	46%	47%	80%	28%
• Female	49%	54%*	53%	20%	72%
Mean Age	67 Years	64 Years	69 Years	62 Years	57 Years
Mean Number of People in Household	2 People	2 People	2 People	2 People	2 People
Percent with Children in Household	13%	17%*	12%	12%	27%
Mean Household Income	\$26,700	\$19,700	\$21,500	\$26,100	\$10,600
Location of Residence					
• City	30%	33%	28%	39%	44%
• Suburb	24%	18%*	21%	14%	9%
• Small Town	32%	26%*	28%	19%	24%
• Rural Area	14%	23%*	23%	28%	23%
Ethnicity					
• White Non-Hispanic	84%	70%*	75%	75%	51%
• Black Non-Hispanic	8%	17%*	13%	17%	33%
• Native American	3%	3%	4%	0%	2%
• Hispanic	3%	7%*	6%	6%	9%
• Asian/Pacific Islander	1%	2%	1%	0%	4%
• Other Race	1%	1%	1%	2%	1%
Education					
• Less Than High School	24%	38%*	38%	26%	53%
• High School Diploma	41%	33%*	33%	36%	28%
• Some College or Trade School	17%	19%	19%	27%	13%
• College Degree	10%	4%*	4%	5%	3%
• Some Postgraduate or Professional	2%	3%	3%	2%	3%
• Postgraduate Degree	4%	3%	3%	4%	0%

*Indicates a significant difference from telephone survey at the 95 percent confidence level.

5.2 Describe the Banking Relationships and Financial Habits of Federal Benefit Check Recipients and the Reasons That Some Do Not Have Bank Accounts

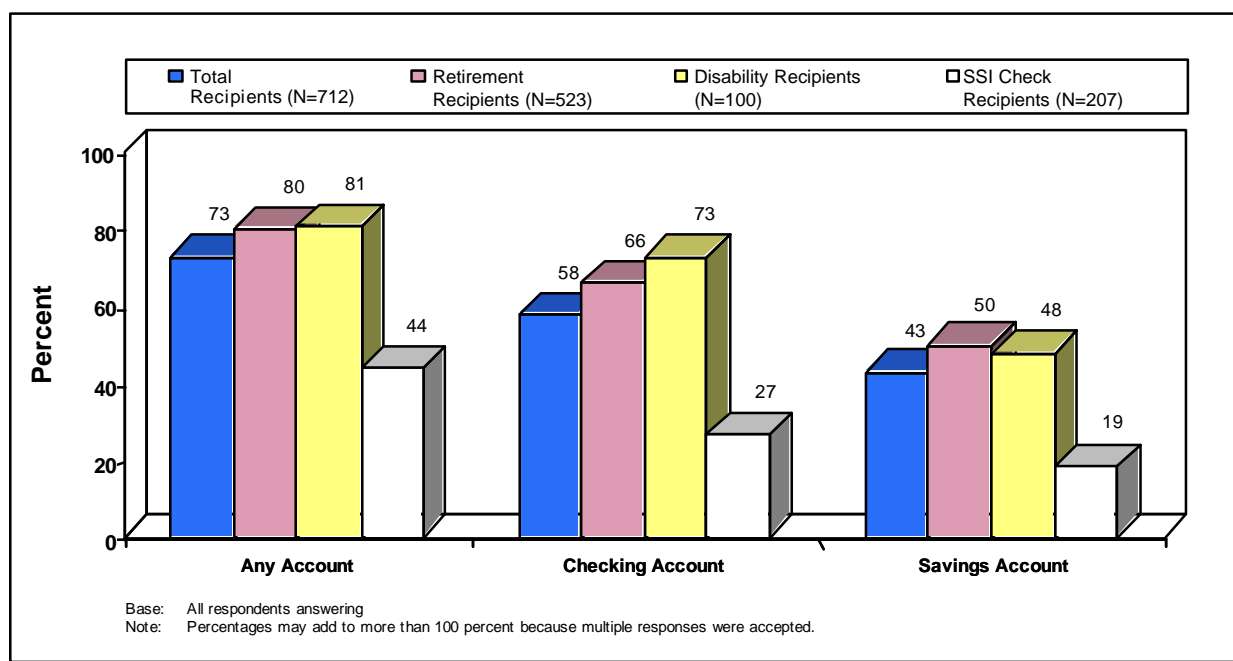
A majority of Federal benefit check recipients who responded to the mail survey have some type of bank or financial institution account (73 percent), most often a checking account (58 percent) or a savings account (43 percent). Few have other types of accounts such as a loan (13 percent), a certificate of deposit or money market account (3 percent), or an individual retirement account (1

percent). See Figure 16 for these results. The types of accounts are similar for mail survey respondents and telephone survey respondents, but significantly more mail survey respondents are unbanked (27 percent) than telephone survey respondents (18 percent), and fewer mail survey respondents have each type of account.

In findings that parallel the telephone survey results, both retirement check recipients and disability check recipients are significantly more likely to have accounts at financial institutions (80 percent and 81 percent, respectively) than SSI check recipients (44 percent). Retirement check recipients and disability check recipients also have checking and savings accounts at significantly higher rates (48 percent checking accounts and 73 percent savings accounts) than SSI check recipients (27 percent checking accounts and 19 percent savings accounts). Given the higher proportion of SSI check recipients in the mail survey sample than in the telephone survey sample, this finding largely explains the differences in the number of unbanked respondents across the two samples.

The unbanked Federal benefit check recipients responding to the mail survey are more often SSI check recipients (59 percent) and Social Security Administration retirement check recipients (46 percent). Less often, these unbanked recipients receive veterans pension checks (10 percent), veterans disability checks (8 percent), Railroad Retirement pension checks (3 percent), Civil Service disability checks (2 percent), Civil Service pension checks (2 percent), or Railroad disability checks (1 percent). Because many survey respondents receive more than one type of Federal benefit check, the percentages add up to more than 100.

Figure 16. Types of Accounts Held by Federal Benefit Check Recipients



Mail survey findings confirm that the Federal check recipients without banking accounts differ significantly from those with accounts. As shown in Table 20, unbanked Federal benefit check recipients have the following characteristics:

- Significantly more often female (60 percent) than those with accounts (53 percent)

Table 20. Demographic Characteristics of Those With and Without Bank Accounts (Mail Survey)

	With Bank Account (N=517)	Without Bank Account (N=195)
Gender		
• Male	47%	40%*
• Female	53%	60%*
• Refused	0%	0%
Mean Age	66 Years	60 Years*
Mean Number of People in Household	2 People	2 People
Percent with Children in Household	14%	26%*
Mean Household Income	\$23,000	\$10,600*
Location of Residence		
• City	28%	45%*
• Suburb	22%	8%*
• Small Town	27%	24%
• Rural Area	23%	23%
Ethnicity		
• Hispanic	5%	12%*
• White Non-Hispanic	77%	52%*
• Black Non-Hispanic	11%	33%*
• Asian/Pacific Islander	1%	2%
• Native American	4%	1%*
• Other Race	2%	0%
Education		
• Less Than High School	31%	59%*
• High School Diploma	35%	25%*
• Some College or Trade School	21%	14%*
• College Degree	5%	2%
• Some Postgraduate or Professional	5%	0%*
• Postgraduate Degree	3%	0%*

Base: Differs slightly for each demographic on the basis of those answering.

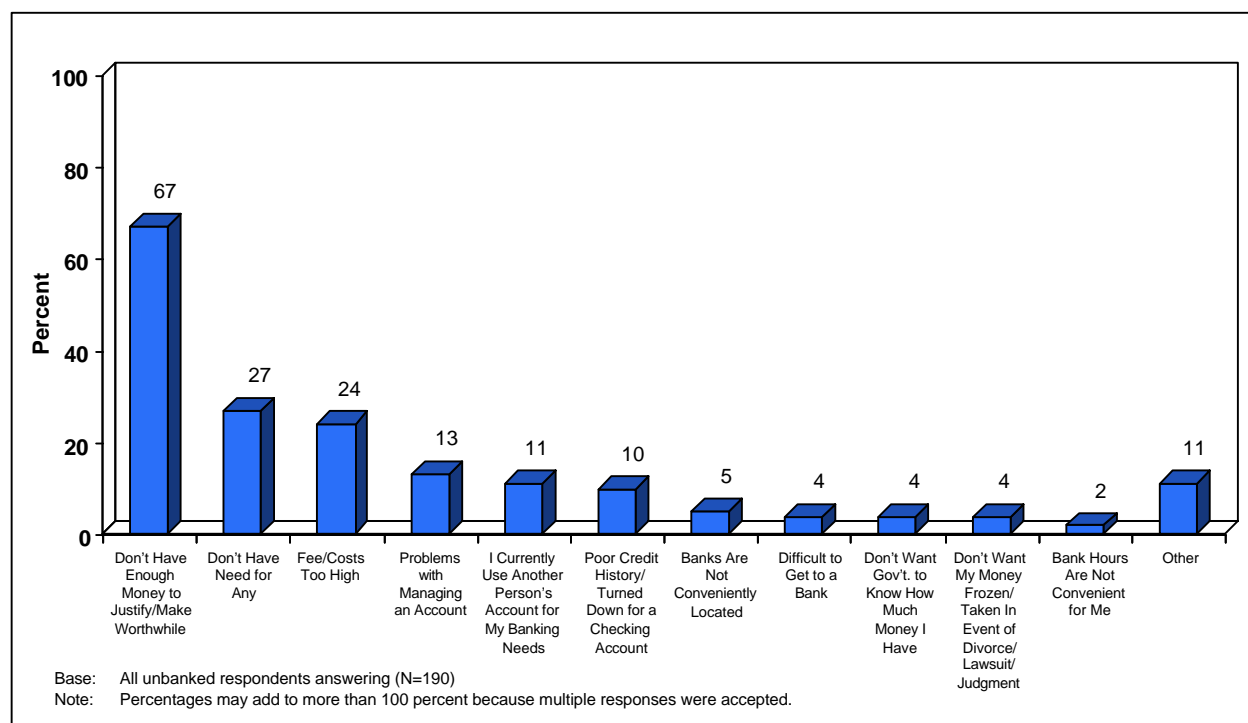
*Indicates a significant difference from those with bank accounts at the 95 percent confidence level.

- Significantly younger (mean of 60 years) than those with accounts (mean of 66 years)
- Significantly more often between the ages of 25 and 54 (34 percent versus 18 percent) and significantly less often between the ages of 65 and 74 (24 percent versus 39 percent)
- Significantly less educated (59 percent did not complete high school versus 31 percent)

- Significantly lower income (mean of \$10,600; 78 percent have annual household incomes under \$10,000) than those with accounts (mean of \$23,000; 34 percent have annual household incomes under \$10,000)
- Less often white non-Hispanic (52 percent versus 77 percent) and more often Hispanic (12 percent versus 5 percent) and black non-Hispanic (33 percent versus 11 percent)
- Significantly more often from a city (45 percent versus 28 percent) and significantly less often from a suburban area (8 percent versus 22 percent)
- Significantly more often living alone (37 percent) than those with accounts (26 percent) and significantly less likely to live in a two-person household (26 percent versus 48 percent)
- Significantly more likely to have at least one child under 18 living with them (26 percent) than those with accounts (14 percent).

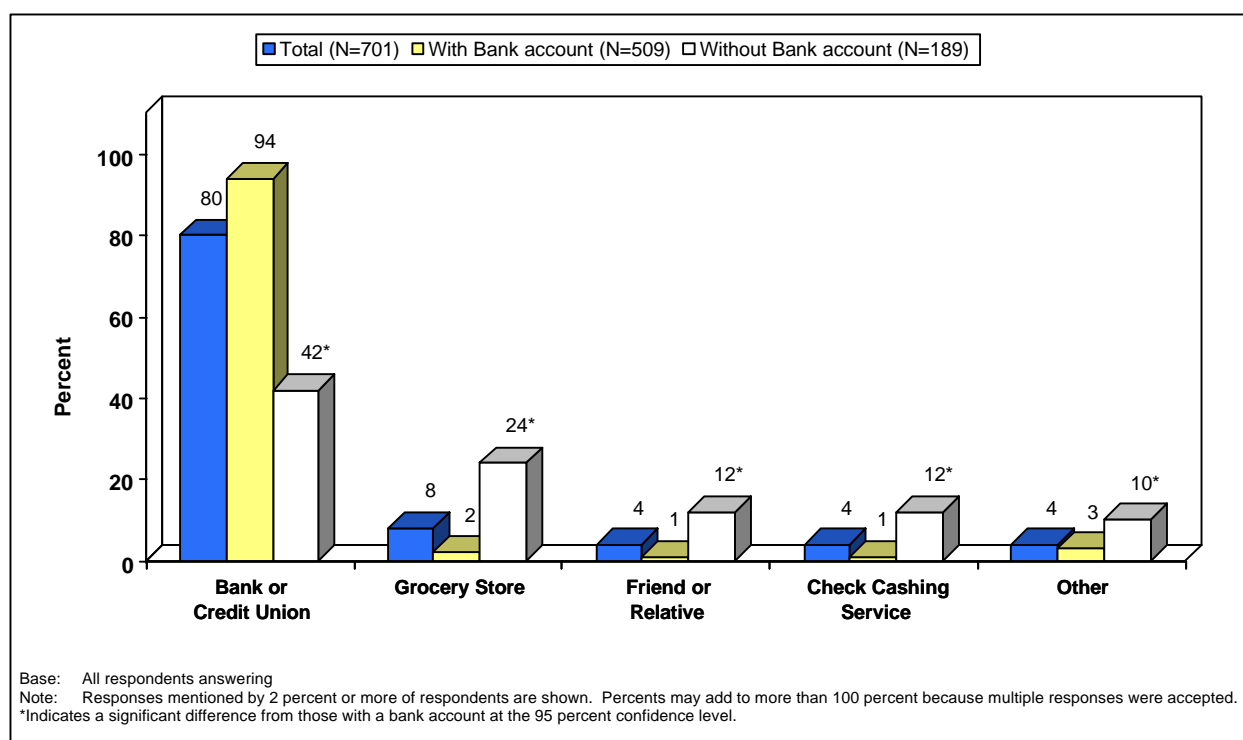
These findings are consistent with the telephone survey results as to how Federal check recipients with and without financial institution accounts differ. These results also are consistent with the expected differences between these two populations based on the secondary data review.

Figure 17 shows the reasons why Federal benefit check recipients without financial institution accounts do not have accounts. As was the case in the telephone survey, the most frequently named reason for not having an account is not having enough money to make it worthwhile (67 percent). Other frequently cited reasons are that they do not need accounts (27 percent), the fees or costs are too high (24 percent), they have problems managing accounts (13 percent), they use another person's account for their banking needs (11 percent), and they cannot qualify for checking accounts (10 percent). Reasons cited by 5 percent or fewer of the unbanked respondents include inconvenient bank locations (5 percent), fear of having the account frozen in a legal judgment (4 percent), limited mobility or difficulty getting to a bank (4 percent), concern that the government will learn how much money they have (4 percent), and inconvenient bank hours (2 percent).

Figure 17. Reasons for Not Having An Account With a Financial Institution

These reasons are named in nearly the same rank order as in the telephone survey, but all reasons are named more often in the mail survey than in the telephone survey. The higher rate of mentioning each reason is due to the response categories being prelisted in the mail survey instead of being solicited on an unaided basis in the telephone survey. The consistency of responses across the two methodologies confirms that these reasons are the major reasons for not having bank accounts.

When asked where they typically go to deposit or cash their Federal benefit checks, mail survey respondents, like telephone survey respondents, stated that they most often go to banks or credit unions (80 percent). Federal check recipients use grocery stores next most often (8 percent), followed by a check-cashing services or outlets (4 percent), and friends or relatives (4 percent). Less than 1 percent of respondents use any other place most often to deposit or cash their government checks (see Figure 18).

Figure 18. Places Where Federal Benefit Checks Are Deposited or Cashed

Not surprisingly, the places used to deposit or cash Federal checks vary significantly between those with bank accounts and those without accounts. Nearly all Federal check recipients with financial accounts use banks or credit unions most often to deposit or cash their checks (94 percent). In contrast, less than half of unbanked Federal check recipients use banks or credit unions most often (42 percent), although they still use banks or credit unions more often than any other type of place. Almost no mail survey respondents with bank accounts use other places to deposit or cash their checks, but unbanked respondents often use grocery stores (24 percent), check-cashing services or outlets (12 percent), and friends or relatives (12 percent). These responses are also consistent with the telephone survey results.

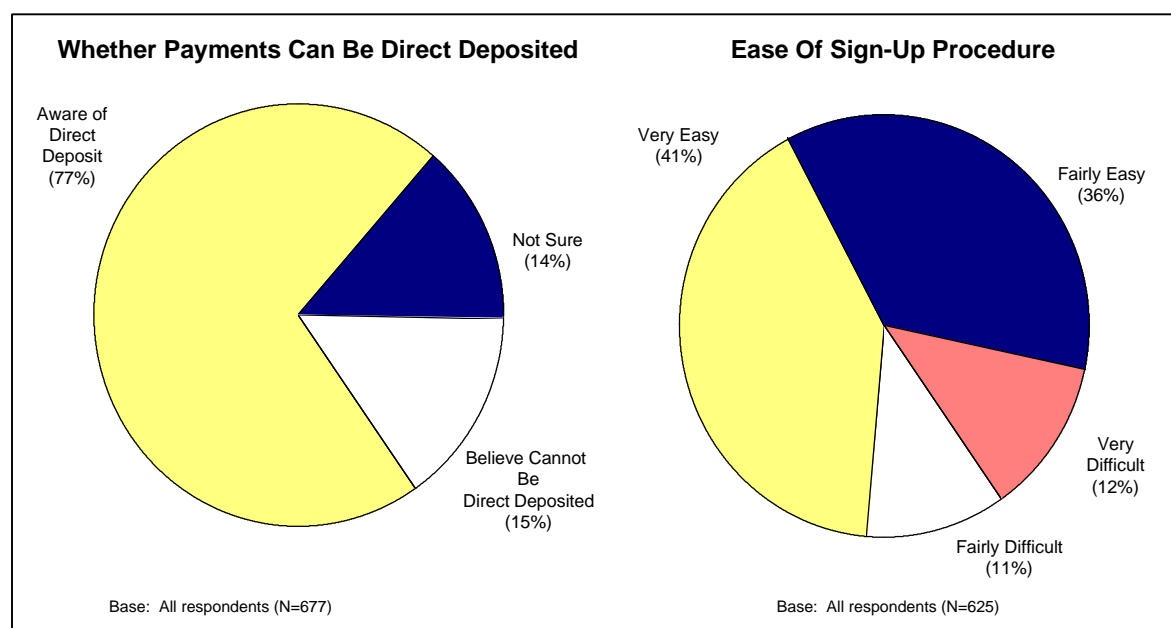
The places used to deposit or cash Federal checks also vary by demographics but not as dramatically. The use of banks or credit unions increases with income and, except for those 75 years or older, increases with age. At the same time, use of grocery stores, check-cashing outlets or services, and friends or relatives is highest among Federal check recipients under 55 years of age and those with an annual household income of less than \$10,000. Urban check recipients compose the great majority of those who use check-cashing services or outlets. SSI check recipients, being disproportionately unbanked, are less likely than retirement or disability check recipients to deposit or cash their checks at banks or credit unions and are more likely to deposit or cash their checks at grocery stores, check-cashing services or outlets, and liquor stores (see Figure 18).

5.3 Determine the Reasons for Receiving Federal Payments by Check and Identify the Obstacles to Receiving Payment by EFT

As also shown in the telephone survey results (see Figure 7), lack of awareness of direct deposit is not a major obstacle preventing Federal benefit check recipients from receiving their payments by EFT. As shown in Figure 19, 71 percent of mail survey respondents indicate that they think payments from the Federal government can be deposited directly into banks or credit union accounts. Fifteen percent believe this is not the case, and 14 percent are not sure. Federal check recipients with bank or credit union accounts are significantly more aware of the availability of direct deposit (83 percent aware) than the unbanked (38 percent aware). Related to this, more retirement and disability check recipients believe they can use direct deposit for their Federal checks (76 percent) than SSI check recipients (57 percent) do, and awareness of direct deposit increases with income. This finding is consistent with previously reported findings from the telephone survey.

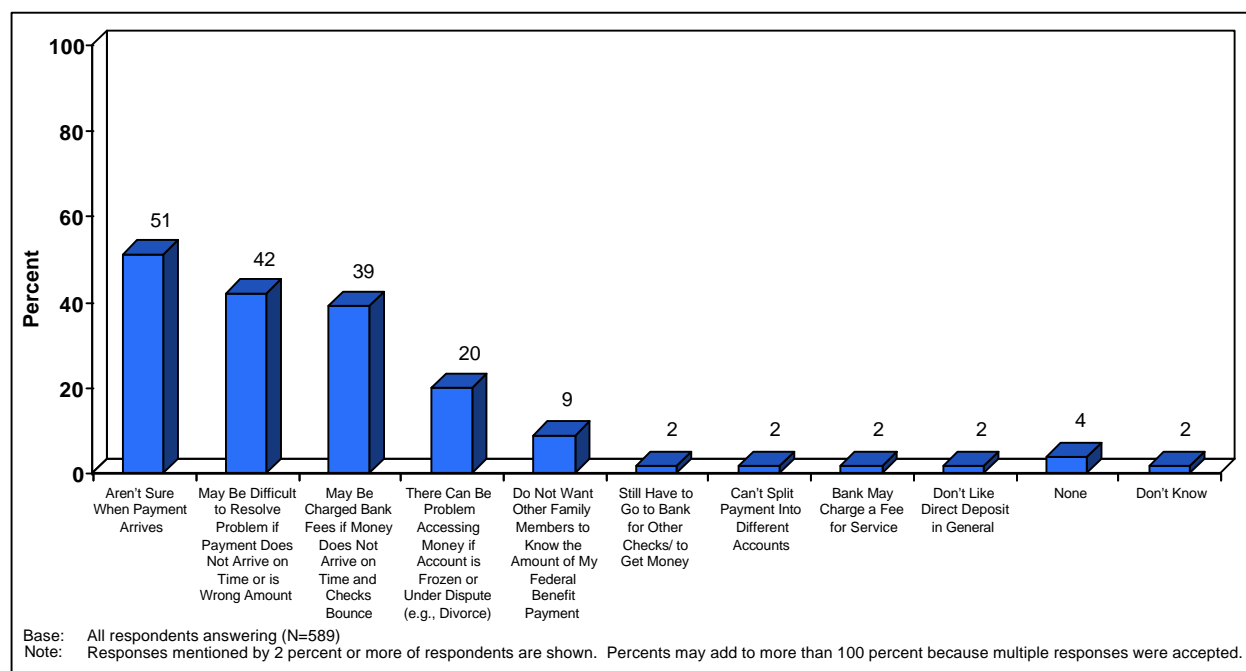
Most mail survey respondents believe that the sign-up procedure for direct deposit is fairly or very easy (77 percent), but they are less likely to believe that the sign-up process is easy than the telephone survey respondents do (see Figure 7 for telephone results and Figure 19 for mail results). Most notably, more mail survey respondents than telephone survey respondents believe that the sign-up process is fairly or very difficult (23 percent compared with 6 percent of telephone survey respondents). This difference is most likely due to the larger number of unbanked respondents to the mail survey, because unbanked respondents are significantly more likely to rate the sign-up procedure for direct deposit as fairly or very difficult (38 percent) than those with accounts (13 percent).

Figure 19. Awareness of Whether Regular Payments From the Federal Government Can Be Deposited Directly and the Ease of Sign-Up Procedure



When asked what are the major disadvantages of direct deposit for regular Federal payments, the major reason given was that one cannot be sure when the money is in the bank (51 percent). Other frequently named disadvantages, as shown in Figure 20, are that payment recipients do not

Figure 20. Perceived Disadvantages of Direct Deposit for Regular Federal Payments



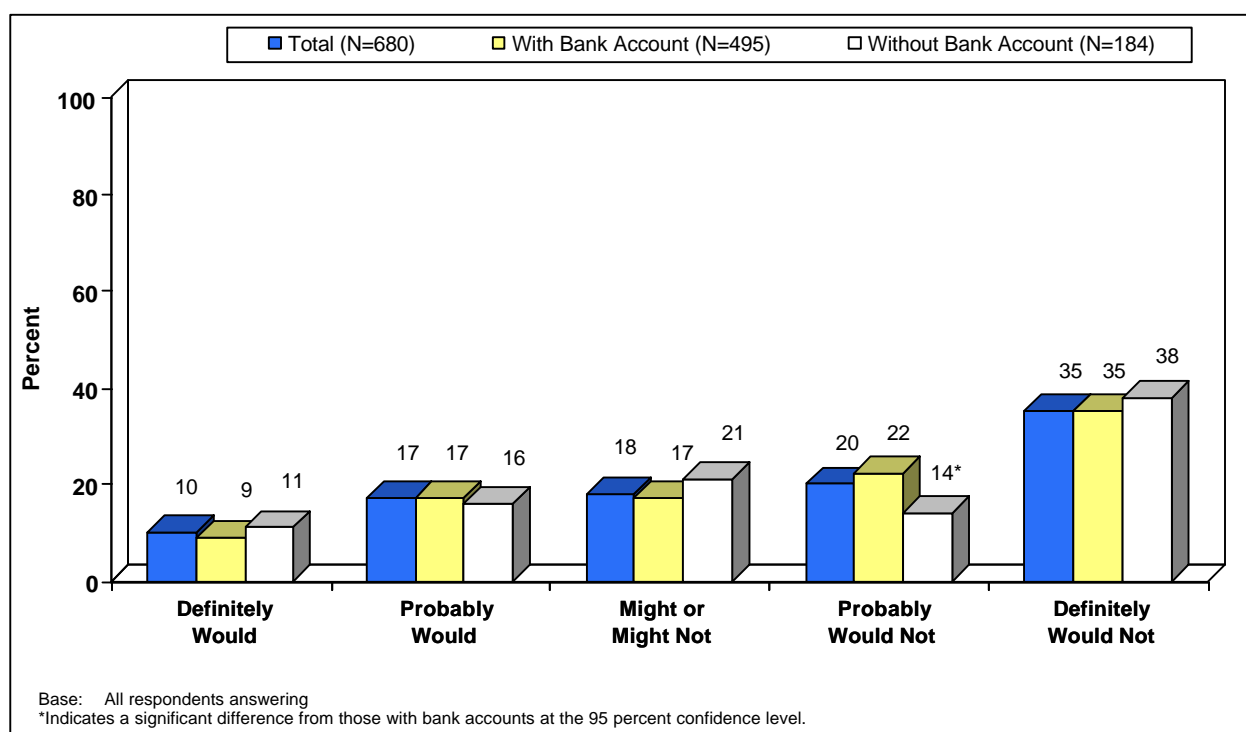
know how to resolve problems if the payment does not arrive on time or is the wrong amount (42 percent), payment recipients fear they will be charged bank fees if the money does not arrive on time and checks bounce (39 percent), they fear there may be a problem accessing their money if the account is frozen or under dispute (20 percent), and they do not want other family members to know the amount of their Federal payment (9 percent). These perceived disadvantages are the same ones named in the focus groups and by telephone survey respondents. However, because these disadvantages were prelisted for respondents in the mail survey, many more mail respondents than telephone respondents indicated that each was a disadvantage. In addition, mail survey respondents report more concern about their payments not arriving on time and the complications arising from problems with EFT than telephone respondents did. They are more worried about having their accounts frozen.

There are few differences in the perceived disadvantages of direct deposit across respondent subgroups. Federal check recipients with bank accounts are more concerned about knowing when the money arrives than those without accounts. Higher-income respondents are more concerned than those earning less than \$10,000 per year about knowing when the money arrives and the possibility that they may lose access to their money if their account is frozen. SSI check recipients and check recipients under 65 years old also are most concerned about bank fees if a check bounces as a result of an EFT problem.

5.4 Measure Interest in a New EFT System

To measure the possible effect of a new EFT delivery system on acceptance of EFT for regular Federal payments, the survey asked all mail respondents to rate their interest in a new EFT system. Respondents used a 5-point scale to indicate their interest: definitely would, probably would, might or might not, probably would not, and definitely would not. The new system was described as an account at a bank, a check-cashing center, a post office, or other institution where Federal benefit payments could be deposited and then accessed through use of a card. This account and card would be in the person's name and would be used in selected stores and businesses or at ATM machines to withdraw cash. As shown in Figure 21, interest in the new EFT system is relatively weak among mail survey respondents. Only about a quarter of current Federal check recipients would definitely or probably sign up for this new account if offered (27 percent), and more than half probably or definitely would not sign up for it (55 percent). Although the telephone survey differed in the scale used to measure the likelihood of signing up for the program (it used a 4-point scale), and in the types of Federal check recipients who were asked the question (only unbanked check recipients were asked about their interest), the results of both surveys are similar (see Figure 9).

Figure 21. Likelihood of Enrolling for a Debit Card (Mail Survey)

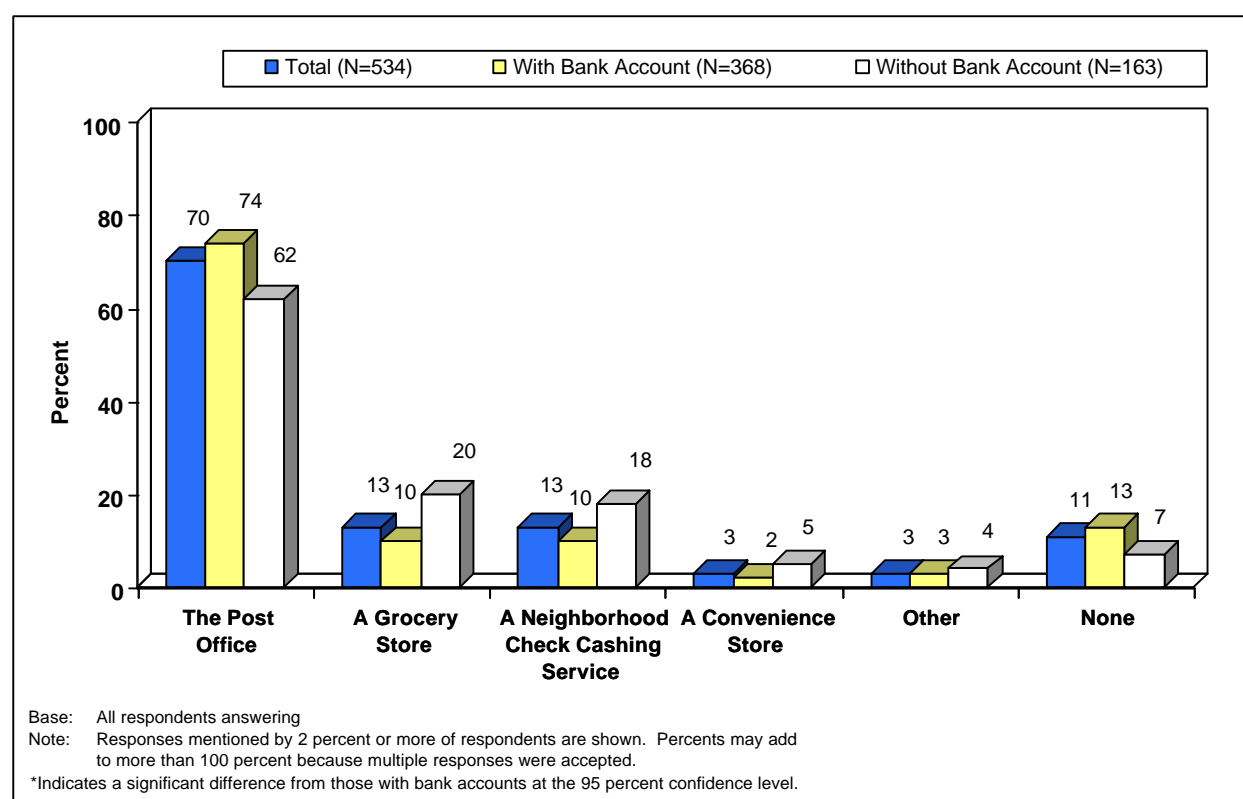


Of note is that interest in this new system does not vary according to whether the check recipient has an account at a financial institution. Those with the greatest interest in the new system are SSI check recipients (33 percent definitely or probably would sign up for it), those under 55 years of age (46 percent definitely or probably would) and city residents (34 percent definitely or probably would). Interest in the program does not vary by income or gender, but it decreases

with age. Thus, while interest is not particularly strong among any segment, it is most appealing to some of the target segments.

Respondents indicated their preferences for a place to access this new type of account by checking the types of places they would use to get their Federal payments. The list included a post office, a grocery store, a neighborhood check-cashing service, a convenience store, a community center, and other places that the respondent could specify. Respondents could check as many of these places as they would likely use. As shown in Figure 22, a post office is preferred most often by a wide margin (70 percent). No other place would be used by even one-fifth of mail survey respondents. The only other places that would be used by more than a few respondents are a grocery store (13 percent) and a neighborhood check-cashing service (13 percent). Eleven percent indicated that they would use none of these places. Only 3 percent would use a convenience store; 3 percent named some other place; and 1 percent would use a community center. In comparison to respondents in the telephone survey and the focus groups, mail survey respondents expressed much lower interest in grocery stores as a place to obtain their Federal payments and a much stronger preference for a post office (see Figure 10).

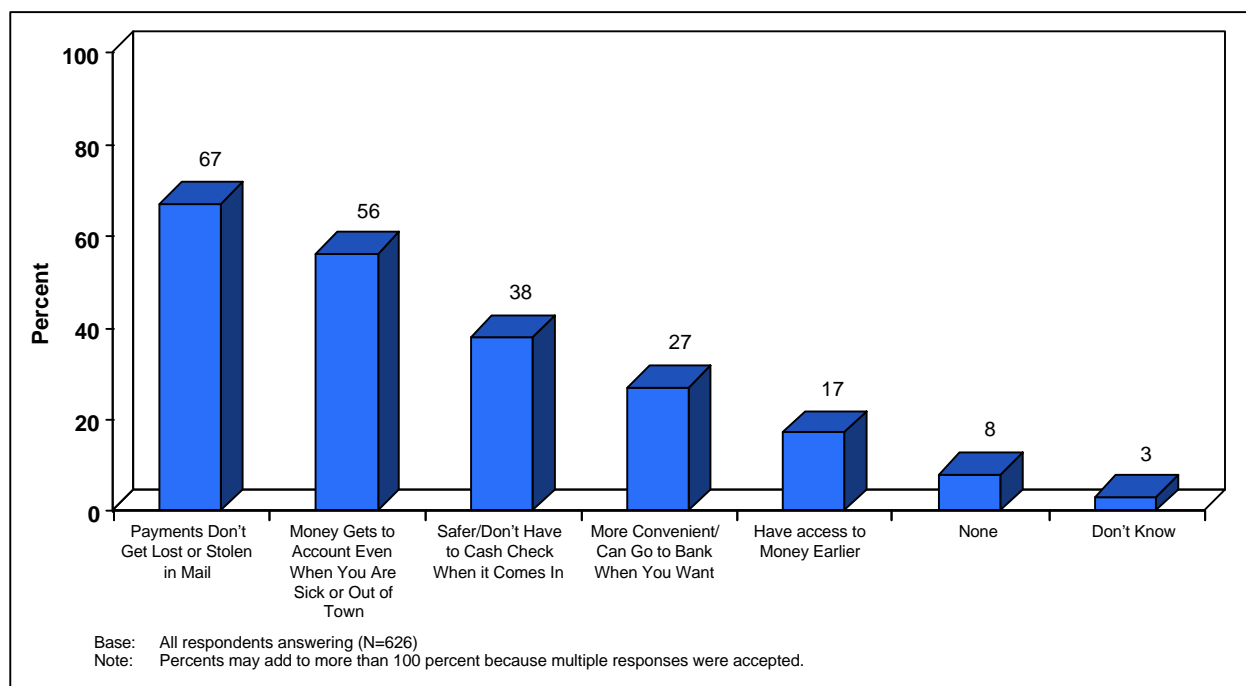
Figure 22. Likelihood of Signing Up for EFT of Federal Benefit Payments at Selected Locations (Mail Survey)



5.5 Determine the Most Effective Vehicles for Encouraging Direct Deposit Among Current Federal Benefit Check Recipients

All mail survey respondents indicated the advantages of having their regular Federal payments direct deposited so that messages consistent with their perceptions could be developed. As shown in Figure 23, safety and convenience are the two primary advantages associated with direct deposit. Mail respondents especially appreciate that their payments cannot get lost or stolen in the mail (67 percent) and that the money goes to their accounts even when they are sick or out of town (56 percent). Other advantages that are frequently associated with direct deposit are that it is safer because the check does not need to be cashed when it comes in (38 percent), it is more convenient because you can go to the bank when you want (27 percent), and it provides earlier access to the money (17 percent). These key advantages are the same as those mentioned by telephone survey respondents (see Figure 11), but all are cited more often by mail survey respondents, and the ranking of these advantages varies slightly across the two samples. One can assume that the higher rate of mentioning each advantage by mail survey respondents is related to the fact that these advantages were prelisted on the mail survey rather than being solicited on an unaided basis in the telephone survey. Regardless of the exact ranking of the perceived advantages, safety and convenience are clearly the primary advantages among both groups.

Figure 23. Perceived Advantages of EFT for Regular Federal Payments

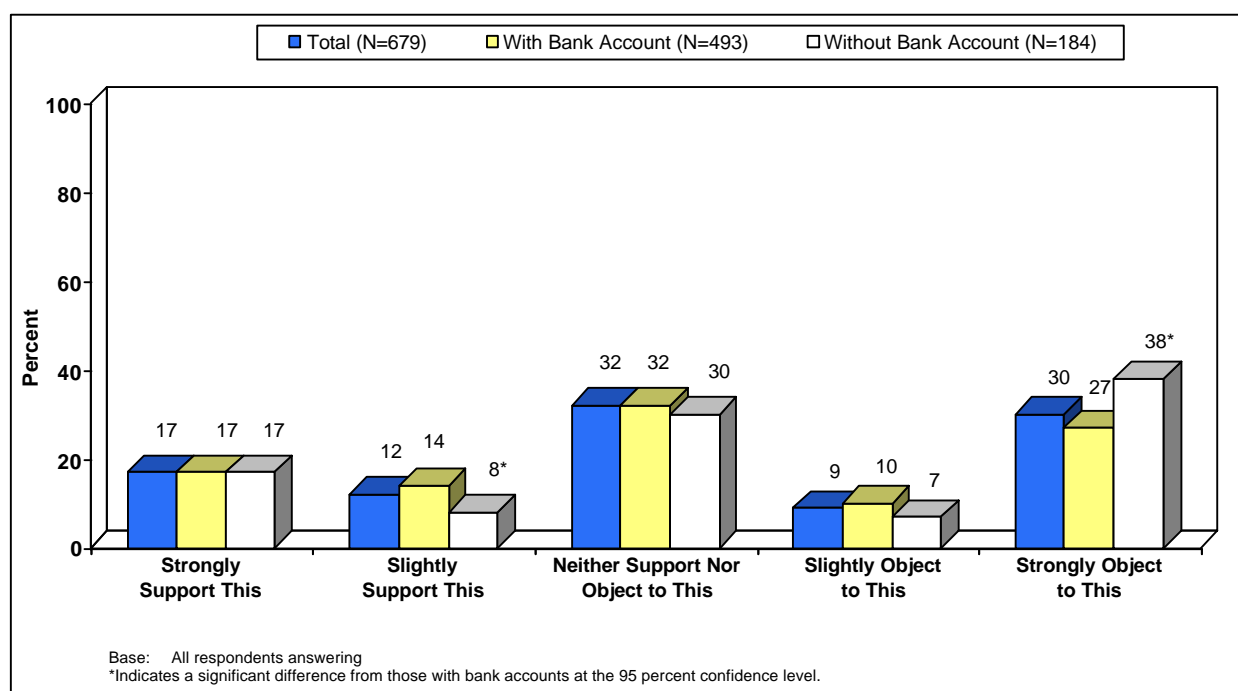


The perceived advantages associated with direct deposit vary little by respondent subgroups. Not surprisingly, those with bank accounts perceive virtually all advantages more than those without bank accounts; and those without accounts indicate that there are no advantages to direct deposit more often (13 percent) than those with accounts (6 percent). Most likely related to this difference between those with bank accounts and those without is that higher-income Federal check recipients perceive all advantages more than those earning less than \$10,000. The only exception is that lower-income respondents and city and suburban residents are more likely than

other groups to value direct deposit because they feel safer if they do not have to go to the bank when the check arrives.

Reactions to the mandatory EFT law were assessed by informing all mail respondents that Congress had passed a law that requires most Federal payments to be made electronically and then measuring their reactions on a 5-point scale consisting of strongly support, slightly support, neither support nor object, slightly object, and strongly object. As was the case in the telephone survey, more respondents object to the law (39 percent slightly or strongly object) than support it (29 percent strongly or slightly support it), although objection to the law is not nearly as strong among mail survey respondents as among telephone survey respondents (47 percent slightly or strongly object). This is because many more mail respondents neither support nor object to the law (32 percent) than telephone survey respondents do (15 percent). As also was the case among telephone survey respondents, many more mail survey respondents strongly object to the law (30 percent) than slightly object to it (9 percent). These findings are depicted in Figure 24.

Figure 24. Attitudes Toward Legislation That Requires Federal Payments To Be Made Electronically (Mail Survey)



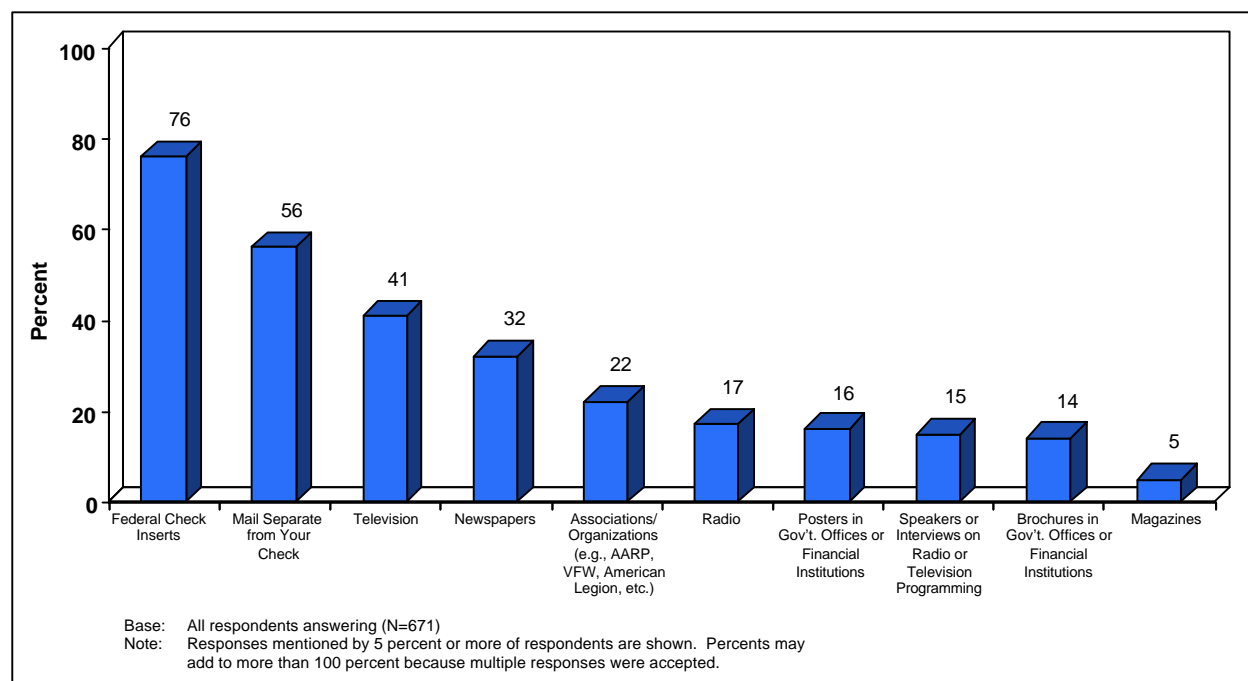
Also consistent with the findings from the telephone survey, Federal check recipients without bank or credit union accounts object to the law more strongly (45 percent object strongly or slightly to it) than those with bank accounts (37 percent object strongly or slightly). Other subgroups that also are most resistant to the new law are retirement check recipients (42 percent object strongly or slightly), check recipients 65 years or older (45 percent object strongly or slightly), and those living in suburban areas, small towns, or rural areas (42 percent object strongly or slightly).

5.6 Determine the Most Effective Vehicles for Communicating the Benefits of Direct Deposit to Federal Benefit Check Recipients

To determine which communication vehicles would be most effective in informing Federal benefit check recipients about direct deposit, the survey asked respondents to indicate which vehicles on a list of possible communication vehicles would be the best way for the Federal government to tell them about the mandatory EFT law. The list included information inserted with the Federal check; information sent through the mail separately from the check; brochures in government offices or financial institutions; information from organizations, such as AARP, veterans organizations, and unions; speakers or interviews on radio or television; signs on buses, subways, or trains; newspapers; radio; television; magazines; posters in government offices or financial institutions; and other means that the respondent could specify. Respondents could indicate up to five choices from the list.

As shown in Figure 25, the two most popular choices of vehicles for communicating about the mandatory EFT law are information included with the Federal benefit check (76 percent) and information sent through the mail but separately from the check (56 percent). Other frequently named vehicles include television (41 percent); newspapers (32 percent); information from organizations, such as AARP, veterans organizations, and unions (22 percent); radio (17 percent); posters in government offices or financial institutions (16 percent); speakers or interviews on radio or television programs (15 percent); and brochures in government offices or financial institutions (14 percent). Named less often are magazines (5 percent); signs on buses, subways, and trains (4 percent); and other vehicles (3 percent). These responses closely parallel the responses given by telephone survey respondents (see Figure 15), although, given the list of choices presented to mail survey respondents, the percentages are much higher for all vehicles in this methodology than in the telephone survey.

Figure 25. Sources of Information About Direct Deposit of Federal Payments



Information sent with the Federal check and information sent through the mail separately from the check are the two most preferred means of learning about the mandatory EFT law among all subgroups of survey respondents. However, there are differences across subgroups in the types of communication vehicles that would be most effective in reaching them. Specifically, retirement and disability check recipients favor check inserts most, and SSI check recipients prefer information sent through the mail separately from their checks more than retirement or disability check recipients do. Retirement and disability check recipients also indicate that information from organizations that they belong to are effective means of reaching them more often than SSI check recipients do. Disability check recipients also like both brochures and posters in government offices or financial institutions more than any other type of check recipients do. Retirement check recipients are especially likely to prefer newspapers, television, and speakers on radio or television programs as ways to reach them. Those with bank accounts and with higher household incomes are more likely than the unbanked and lower income respondents to be reached by check inserts and information distributed through organizations and newspapers. Younger check recipients (under 55 years) are reached more often than older check recipients through brochures or posters in government offices or financial institutions.